

AB 11 (Garcia)
Enterprise Zone/ City of Brawley

As Introduced December 2, 2002

Under the Government Code, this bill would require the Technology, Trade and Commerce Agency (TTCA) to designate the City of Brawley as an enterprise zone, subject to approval by the city council. Under the Revenue and Taxation Code, the newly designated enterprise zone would be entitled to the tax incentives available to existing enterprise zones.

If enacted in 2003, this bill would be effective and operative January 1, 2004.

Board Position: Pending

Status: Assembly Committee on Jobs, Economic Development, and the Economy

AB 63 (Cogdill)
Credit for Irrigation System Improvements

As Introduced December 5, 2002

Under the Personal Income Tax Law (PITL) and the Corporation Tax Law (CTL), this bill would allow a credit equal to 25% of the cost paid or incurred for the purchase and installation of an irrigation system improvement that is:

- Placed in service in this state;
- Used in a business for the production of farm income; and
- Installed on land that is owned or leased by the taxpayer at the time of installation.

The amount of the credit for any taxable year would be limited to \$150 for each acre of land on which the irrigation system improvement is installed. For the irrigation system improvement to qualify for the credit, a qualified professional must certify the improvement. The taxpayer would be required to provide the certification to FTB upon request. The basis of any irrigation system improvement would be reduced by the amount of the credit taken.

The bill would require FTB to report annually to the Legislature, to the extent data is available, on the use of this credit.

The credit would be effective and operative for taxable years beginnings on or after January 1, 2003, and before January 1, 2008. Any excess credit could be carried over for seven years.

Board Position: Pending

Status: Assembly Revenue and Taxation Committee

AB 71 (Jerome Horton)
Tobacco Tax Compliance Task Force

As Introduced December 13, 2002

This bill would create the California Cigarette and Tobacco Products Licensing Act of 2003. Among its many provisions, the Act would allow the State Board of Equalization (BOE) to create a Tobacco Tax Compliance Task Force that would include personnel from FTB.

This bill would be effective and operative immediately upon enactment.

Board Position: Pending

Status: Assembly First Reading

AB 79 (Dutra)
State Agencies/ Restrict Written Reports to Legislature

As Introduced December 23, 2002

This bill would provide that a local or state agency is not required to prepare or submit any written report to the Legislature or the Governor unless any of the following has occurred:

- The report is required, in whole or in part, by a court order, federal law, or federal regulation.
- The report is required in the annual Budget Act.
- The Legislature expressly provides that, notwithstanding this section, a written report shall be prepared and submitted.
- The report is necessary for the preparation of the annual Budget Act or the implementation of that act, as determined by the Department of Finance.

This bill would be effective and operative immediately upon enactment, and would be repealed on January 1, 2008.

Board Position: Pending

Status: Assembly Business and Professional Committee

AB 82 (Dutton)
Renters' Credit Increase

As Introduced January 6, 2003

Under the PITL, this bill would increase the amount of the renters' credit. For individuals, the credit would increase from \$60 to \$185. For married taxpayers filing a joint return, heads of household, and surviving spouses, the credit would increase from \$120 to \$370. For taxable years beginning on or after January 1, 2004, the credit would be adjusted for inflation.

Under the Property Tax Law, this bill also would increase the amount of the homeowners' property tax exemption from \$7,000 to \$32,000.

This bill would be effective and operative for taxable years beginning on or after January 1, 2003.

Board Position: Pending

Status: Assembly Revenue and Taxation Committee

ACA 6 (Campbell)
Expenditure Limit/ Allocate Excess Revenue to Reserve Account, State School Fund and Rebates to Personal Income Taxpayers

As Introduced January 8, 2003

This bill would place a state constitutional amendment on the ballot that generally would provide the following:

- Total General Fund spending in a fiscal year could not increase from the prior fiscal year by more than the percentage increase in the cost of living, as defined, multiplied by the percentage increase in the state population. Exceptions would be made where actual spending in the prior fiscal year was less than allowed and for emergencies, as defined in this measure.
- Any revenue that may not be spent in the current fiscal year due to the above spending limit would be allocated as follows:
 - To the General Fund Special Reserve Account if the amount in this account does not exceed 10% of the total amount of allowable spending for the current fiscal year.
 - Revenue in excess of the 10% allowed for the Special Reserve Account would be allocated as follows:
 - 50% transferred to the State School Fund.
 - 50% paid as a rebate to all personal income taxpayers. The rebate would be proportionate to the tax liability for the tax year that encompasses the first half of the current fiscal year in which the excess exists.

The bill also would propose changes to other provisions of the California Constitution regarding various appropriations and the State School Fund that do not impact the department or state income tax revenue.

The next primary election in which this proposed constitutional amendment could be included would be March 2, 2004. The amendment would be effective the day after the election upon approval of a majority of those who vote on the ballot measure.

Board Position: Pending

Status: Assembly Desk

SB 4 (Hollingsworth) As Introduced December 2, 2002
Reduction/Elimination of Personal Income Tax Rates and AMT

This bill would reduce all existing personal income tax rates over a five-year period for taxable years beginning on or after January 1, 2003, and before January 1, 2007. The bill would eliminate the personal income tax for taxable years beginning on or after January 1, 2007.

The marginal rates proposed by this bill are listed in the following table:

| <i>Current</i> | <i>2003</i> | <i>2004</i> | <i>2005</i> | <i>2006</i> | <i>2007</i> |
|----------------|-------------|-------------|-------------|-------------|-------------|
| 1% | 0.80% | 0.60% | 0.40% | 0.20% | 0 |
| 2% | 1.6% | 1.2% | 0.80% | 0.40% | 0 |
| 4% | 3.2% | 2.4% | 1.6% | 0.80% | 0 |
| 6% | 4.8% | 3.6% | 2.4% | 1.2% | 0 |
| 8% | 6.4% | 4.8% | 3.2% | 1.6% | 0 |
| 9.3% | 7.54% | 5.58% | 3.72% | 1.86% | 0 |

The bill also proposes to repeal the alternative minimum tax (AMT) on January 1, 2007. In addition, the bill would change the method used to determine the tax liability for nonresidents and part-year residents.

This bill would be effective immediately and would apply to taxable years beginning on or after January 1, 2003.

Board Position: Pending

Status: Senate Revenue and Taxation Committee

SB 43 (Cedillo) As Introduced January 7, 2003
Emergency Food Assistance Program Fund – Extend Repeal Date

Under the Administration of Franchise and Income Tax Law (AFITL), this bill would extend the sunset date of the Emergency Food Assistance Program Fund from January 1, 2004, to January 1, 2009.

This bill would become effective January 1, 2004, and would apply to tax returns filed on or after that date.

Board Position: Pending

Status: Senate Rules Committee

SB 47 (Ackerman) As Introduced January 9, 2003
SBX 2 (Poochigian) As Introduced January 6, 2003
Manufacturer's Investment Credit (MIC)

Under the PITL and the CTL, both bills would make the MIC permanent by deleting the current repeal provisions related to increasing manufacturing employment within the state.

The bills also would make similar changes under the Sales and Use Tax Law.

This bill would be effective immediately and would apply to taxable years beginning on or after January 1, 2003.

Board Position: Pending

Status: SB 47 - Senate Rules Committee/ SBX 2 – Senate Revenue and Taxation Committee

SCA 1 (Burton)
Access to Government Information

As Introduced December 2, 2002

This bill would place a constitutional amendment on the ballot that would make access to information concerning the conduct of the people's business a constitutional right of every person in California. This constitutional amendment, if adopted, would no longer require a member of the public to show that records are public. Instead, the official in charge of records would be required to show that the information sought is not a public record.

The next primary election in which this proposed constitutional amendment could be included would be March 2, 2004, and the amendment, if approved, would be effective the day after the election upon approval of a majority of those who vote on the ballot measure.

Board Position: Pending.

Status: Senate Rules Committee